

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE  
HOMELESS SHELTER PROGRAM**



**CHARLES C. MADDOX, ESQ.  
INSPECTOR GENERAL**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



August 26, 2003

Yvonne Gilchrist  
Acting Director  
Department of Human Services  
801 East Building  
2700 Martin Luther King Jr. Ave., S.E.  
Washington, D.C. 20032

Dear Ms. Gilchrist:

Enclosed is our final report summarizing the results of the Office of the Inspector General's audit of the Homeless Shelter Program (OIG No. 01-I-12JA). The Executive Director of the Washington Legal Clinic requested the audit.

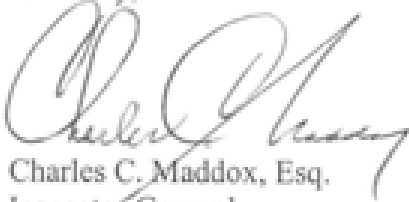
As a result of our audit, we directed 17 recommendations to the District of Columbia Department of Human Services (DHS) for necessary action to correct the noted deficiencies. Specifically, our audit disclosed that DHS needs to improve on the tracking and use of funds, monitoring and paying valid expenses, submitting annual audit reports, and increasing safety at Homeless Shelters. Prior to the issuance of this report, DHS initiated actions to correct some of the deficiencies noted during the audit. DHS has completed or has agreed to take corrective action with regard to all but four recommendations. DHS did not agree with a fifth recommendation, Recommendation 9, but we consider DHS's actions sufficient to resolve the recommendation.

After several meetings between DHS staff and the OIG staff, DHS responded, on July 29, 2003, to the draft of this report. DHS commented on each of the four findings contained in this report and provided detailed explanations as to why they concurred, partially concurred, or did not concur with our findings and recommendations. However, we request that DHS reconsider its position on Recommendations 4, 5, 7, and 8 in light of our comments contained in the body of the report. The DHS response is incorporated in its entirety at Exhibit B to this report. Please provide your responses to this final report by September 16, 2003, so that we may continue to work together to resolve the remaining recommendations.

Yvonne Gilchrist, Acting Director, DHS  
August 26, 2003  
Final OIG No. 01-1-12JA  
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We appreciate the cooperation and courtesies extended to our staff during the audit and the professional attitude exhibited by your staff in attempting to resolve the recommendations. If you have questions please contact me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles C. Maddox". The signature is fluid and cursive, with the first name "Charles" and last name "Maddox" clearly distinguishable.

Charles C. Maddox, Esq.  
Inspector General

CCM/ws

Enclosure

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## AUDIT OF THE HOMELESS SHELTER PROGRAM

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## **EXECUTIVE DIGEST**

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### **OVERVIEW**

This report summarizes our review of the Homeless Shelter Program. We initiated this performance audit based upon a request received from the Executive Director of the Washington Legal Clinic. The Executive Director was concerned about the adequacy of funds expended for services to the homeless. The objectives of the audit were to determine whether: (1) program expenditures have been used for their intended purposes; (2) programs adequately addressed the safety of the homeless; and (3) corrective action has been adequate on prior internal and external audits, inspections, and reviews of the program.

The District entered into a Memorandum of Understanding, on May 16, 1994, with the U.S. Department of Housing and Urban Development (HUD) and the Community Partnership for the Prevention of Homelessness (TCP) to establish a “continuum of care” approach to homelessness. This Understanding provided the basis for providing grant funds to TCP. Specifically, the Homeless Shelter Program is funded annually with funds from the District of Columbia government (District) and the U.S. Department of Health and Human Services (HHS). HHS funded the Homeless Shelter Program with Temporary Assistance to Needy Families (TANF) funds that were transferred to the Social Services Block Grant (SSBG) program funds and with Domestic Violence Program funds. The District’s Department of Human Services (DHS) is the custodian of these funds and is responsible for management oversight of the Homeless Shelter Program. TCP is responsible for the day-to-day operations of the Homeless Shelter Program for the District. The Homeless Shelter Program includes shelters for single males, single females, and families with children; a central in-take unit; and other services to prevent homelessness. During the 2-year period ended September 30, 2001, TCP operated 64 to 82 homeless branches, centers, and facilities (including shelters) at various times in the District.

As discussed later in this report, the source of funding may dictate limitations on the use of the funds in the Homeless Shelter Program. While funding provided by the District may be used for efforts that benefit single individuals or families, TANF/SSBG funds must be used only for efforts that benefit families.

### **CONCLUSIONS**

This audit identified monetary benefits in the amount of \$2,716,423 (see Exhibit A) and conditions that provide an opportunity for DHS to improve operations and achieve maximum use of both District and federal funds. Our review showed that DHS did not always expend funds for their intended purposes (Findings 1 and 2) and could improve fire safety in homeless shelters (Finding 4). Our follow-up tests on a HUD Inspector General (IG) Report showed that DHS did not ensure that TCP implemented agreed-to recommendations to improve timely submission of annual audit reports (Finding 3).

## **EXECUTIVE DIGEST**

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### **SUMMARY OF RECOMMENDATIONS**

We directed 17 recommendations to the DHS Director to improve the conditions noted and obtain potential monetary benefits. The recommendations represent actions considered necessary to address the conditions identified in the findings of this report. The recommendations center upon modifying the grant agreement between DHS and TCP, using TANF/SSBG funds only for authorized homeless expenses benefiting families, initiating written management controls and procedures, and transferring costs to the proper fund. We also made recommendations that, if implemented, will cause TCP to improve its management of annual audit reports. Lastly, we made recommendations that would require DHS to ensure TCP improves safety in the shelters by requiring biennial fire inspections and ensuring that contractors adhere to certain safety provisions of TCP contracts.

### **MANAGEMENT RESPONSE AND OIG COMMENTS**

On July 29, 2003, DHS provided its final response to the recommendations contained in the draft audit report. Generally, DHS officials agreed with the report, most of its conclusions, and 12 of the 17 recommendations. We consider DHS's response and actions taken or proposed to be satisfactory and responsive to the 12 recommendations. DHS disagreed with 5 recommendations, including Recommendation 9. However, we consider actions taken with regard to Recommendation 9 to be responsive to the intent of the recommendation. DHS disagreed with Recommendations 4, 5, 7, and 8, which are unresolved.

DHS disagreed with Recommendation 4, to transfer costs lodged against TANF/SSBG funds in FY 2001 and subsequent years for expenses that benefited individuals to funds and appropriations permitted by law to fund such expenses in order to comply with 31 U.S.C.A. § 1301. DHS also disagreed with Recommendation 5, to transfer costs in FY 2000 and subsequent years for expense that benefited families from the District's local funds to TANF/SSBG if the funds are or become available and are legally authorized to be used to pay for these expenses. DHS provided new information that might preclude using TANF/SSBG funds to pay for expenses incurred in October and November 1999, but not the remaining 10 months.

DHS partially disagreed with Recommendation 7, to recover questioned costs in the amount of \$214,001. While DHS obtained data to support questioned costs in the amount of \$72,158 and agreed to recoup \$43,712, it did not agree on the questioned grant costs in the amount of \$98,131. Using DHS's own stated definition of major repairs, \$88,728 was an inappropriate charge to the grant and needs to be recouped. We request that DHS consider our comments in the body of the report on each unresolved recommendation and reconsider its position on unresolved Recommendations 4, 5, 7, and 8.



## **EXECUTIVE DIGEST**

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Generally, audit recommendations should be resolved within 6 months of the date of the final report. In addition, Mayor's Order 2000-105, July 10, 2000 requires heads of all District agencies, to respond to audit recommendations. Accordingly, we will continue to work with DHS to reach final agreement on any unresolved recommendations.

A summary of the potential benefits resulting from implementing the recommendations in this audit report is shown at Exhibit A.

## INTRODUCTION

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### BACKGROUND

The District entered into a Memorandum of Understanding with HUD and TCP on May 16, 1994, to establish a “continuum of care” approach to homelessness. This approach focuses on helping people in crisis, creating new resources, and new service methodologies to help reduce crisis situations. This Memorandum of Understanding authorized TCP to operate the Homeless Shelter Program for the District government. The District’s Homeless Shelter Program assists individuals and families that are homeless or who are at risk of becoming homeless. The Program serves eligible residents by providing access to drop-in centers, emergency shelters, and long-term shelters.

TCP was incorporated as a nonprofit corporation in the District of Columbia on October 5, 1989. Its primary purpose is to assist the homeless, prevent homelessness, and coordinate public and private services to homeless families and individuals in the District of Columbia.

On January 7, 2000, the District awarded TCP a 5-year grant of \$79 million (\$15.8 million annually), pending the availability of funds, to operate the Homeless Shelter Program. The Homeless Shelter Program at TCP was funded by District funds, HHS TANF/SSBG funds, and HHS Domestic Violence Program funds. District funding may be used for homeless services that benefit single individuals and families. However, as discussed in Finding 1, TANF funds transferred to SSBG may only be used to benefit families that meet specific income requirements. The HHS document, *Social Services Block Grant Legislation Authority and Appropriations*, summarizes applicable legislation and stipulates that TANF funds transferred to SSBG must be used for families with incomes no higher than 200 percent of the Federal guidelines.

DHS is the custodian of funding and is responsible for overall management and oversight of the Homeless Shelter Program while TCP is responsible for the day-to-day operations. TCP awards contracts to service providers to ensure that access to emergency and transitional shelter services is provided to single adults and families in the District. Services are provided for both the homeless and for those who are at imminent risk of becoming homeless. TCP provides day-to-day administrative oversight and management support to a network of service providers, which provide direct services to those eligible for homeless services. TCP is responsible for monitoring contract performance and assessing the delivery of services to ensure compliance with contract provisions.

Table I provides insight into the number of homeless persons served by the District.

## INTRODUCTION

**Table I - Schedule of the Homeless Served by Fiscal Year**

<b>Fiscal Year</b>	<b>Number of Persons Served</b>
2001	20,515
2000	16,411
1999	15,153
1998	15,589
1997	20,288

Table II illustrates TCP's expenditures by category for fiscal years (FYs) 2000 and 2001 and shows that expenditures increased by \$3,394,987 between those years.

**Table II - TCP Expenditures FYs 2000 and 2001**

<b>Homeless Shelter Program Service Type</b>	<b>Fiscal Year 2000</b>		<b>Fiscal Year 2001</b>	
	<b>No. of Centers<sup>1</sup></b>	<b>Actual Cost</b>	<b>No. of Centers<sup>1</sup></b>	<b>Actual Cost</b>
Outreach Services	7	\$ 284,405	11	\$ 493,628
Single Adult Shelters	29	6,893,640	27	7,417,438
Family Shelters	12	4,454,541	17	5,160,325
Shelter Plus Care Match	8	367,529	11	441,696
Homeless Prevention/Non Contract	8	466,032	11	1,206,634
Program Enhancements	0	0	1	479,711
Emergency Funds	0	0	2	78,376
Domestic Violence	0	0	2	280,000
Administrative Overhead		651,574		954,900
<b>Totals</b>	<b>64</b>	<b>\$ 13,117,721</b>	<b>82</b>	<b>\$ 16,512,708</b>

## OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives were to determine whether: (1) program expenditures have been used for their intended purposes; (2) programs adequately addressed the safety of the homeless; and (3) corrective action has been adequate on prior internal and external audits, inspections, and reviews of the program.

The Homeless Shelter Program included 64 branches, shelters, and centers in FY 2000 and 82 in FY 2001. We selected 18 of these "centers" for review based on dollar value and

<sup>1</sup> This category includes centers, shelters, branches, etc.

## INTRODUCTION

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program-service type and examined 783 invoices valued at \$3.2 million to determine whether expenses billed were allowable and whether adequate documentation existed. The annual costs for the 18 centers we reviewed were \$8,050,794 and \$9,408,787 for FYs 2000 and 2001, respectively. We reviewed actual expenditures for each of these years, evaluating the allow ability of costs charged, the adequacy of supporting documentation and whether charges were appropriately reimbursed to TCP for homeless services. Our review also assessed the Program's safety and fire hazard measures for shelter residents based on our physical observations at the 11 shelters we visited. In addition, we examined prior audit reports, inspections, and reviews of the Program to assess the effectiveness of actions taken to correct conditions previously identified. This audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary under the circumstances.

### PRIOR AUDITS AND REVIEWS

The following three reports covered various aspects of the District's Homeless Shelter Program:

1. On November 8, 2000, the certified public accounting firm, Bass and Howes, Inc., issued a report to the Deputy Mayor for Children, Youth and Families entitled "Assessment of the Community Partnership for the Prevention of Homelessness." This review examined TCP's organizational structure; its position in the community and its relationship to the District government; and interactions among staff, board, service providers, and advocates. This report did not make any recommendations related to funds expended or safety of the homeless.
2. On September 28, 1998, the HUD IG issued Audit Memorandum Number 98-AO-251-1806 entitled "Innovative Homeless Initiatives Demonstration Program, the Community Partnership for the Prevention of Homelessness, Washington, D.C." This report made four recommendations; however, only one recommendation pertained to funds expended. The HUD IG recommended that TCP withhold payments to contractors that do not submit audited financial statements on time. Our review shows that TCP did not withhold payments to contractors as it had agreed to do, did not timely analyze the audit reports, and contractors continued to submit late audited financial statements (see Finding 3).
3. On August 10, 1998, the Enterprise Foundation of Washington, D.C. issued a report entitled "Report on the Existing Conditions and Opportunities for the District of Columbia's Homeless Housing and Service Systems." The report was addressed to the District of Columbia Financial Responsibility and Management Assistance Authority and identified three findings but made no recommendations.

## **INTRODUCTION**

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### **OTHER MATTERS**

The potential for abuse is greatest to the District's residents that have little choice but to rely upon the District for protection and support. Those residents include people receiving assistance from the District such as children, the mentally retarded, those with mental health challenges, certain elderly individuals, and the homeless. Our coverage of this vulnerable segment of our community was limited to the homeless, and the audit was focused on financial matters and facility safety.

During our audit, we became aware that the Homeless Shelter Program might need more independent oversight by the District government to ensure that shelters are providing humane and respectful assistance to the homeless segment of the District's population. To address this need, the OIG will include an audit of the Homeless Shelter Program in its annual audit plan that will focus on objectives that address adequate, humane, fair, and equal treatment of the District's homeless population.

### **CONCLUSIONS AND RECOMMENDATIONS**

Our review found that DHS did not always expend funds for their intended purposes (Findings 1 and 2) and could improve fire safety in homeless shelters (Finding 4). Our follow-up on a HUD IG Report showed that DHS did not ensure that TCP implement agreed-to recommendations to improve timely submission of annual audit reports (Finding 3). Our audit also identified potential monetary benefits in the amount of \$2,716,000 (see Exhibit A).

We directed 17 recommendations to the DHS Director to improve the conditions noted and obtain potential monetary benefits. The recommendations represent actions considered necessary to address the conditions identified in the findings of this report. The recommendations center upon modifying the grant agreement between DHS and TCP, using TANF/SSBG funds only for authorized homeless expenses benefiting families, initiating written management controls and procedures, and transferring costs to the proper fund. We also made recommendations that, if implemented, will cause TCP to improve its management of annual audit reports. Lastly, we made recommendations that would require DHS to ensure that TCP improves safety in the shelters by requiring biennial fire inspections and ensuring that certain safety provisions of TCP contracts are adhered to by contractors.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 1: USING HOMELESS PROGRAM FUNDS EFFICIENTLY AND EFFECTIVELY</b>
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### SYNOPSIS

DHS unnecessarily used the District's local funds to pay for Homeless Shelter Program expenses when federal funds were authorized and appropriate and improperly spent TANF/SSBG funds provided by HHS to pay for expenses benefiting individuals. DHS chose to use District funds in lieu of federal TANF/SSBG funds for the homeless because the District funds would not remain available for obligation as long as the federal funds, i.e., the District's authority to obligate and spend funds would expire sooner than the federal funds. DHS also had insufficient controls in place in its grant agreement with TCP and at DHS to ensure compliance with legal restrictions on the use of federal funds when TCP invoices were paid. Such controls were lacking because DHS Program and financial officials misunderstood the legal requirements for funding expenses with TANF/SSBG funds. Accordingly, District local funds, totaling \$647,030, could have been put to better use or returned to the District Treasury in FY 2000, and DHS improperly expended \$1.9 million of TANF/SSBG funds in FY 2001 for services that benefited single individuals instead of families. DHS is required to make adjustments to ensure that the \$1.9 million is not lodged against TANF/SSBG funds and has the opportunity to recover \$647,030 in local funds.

### DISCUSSION

DHS acquired services for the homeless in FYs 2000 and 2001 pursuant to grant JA-FSA-00-0014, which was awarded to TCP. This grant had no requirement to segregate costs incurred by TCP, and invoices TCP submitted to DHS for reimbursement could not be readily associated with the appropriate funding required for specific services. DHS incorrectly determined that either TANF/SSBG funds or District local funds, or both, could be used to pay for any of the services provided under this grant. However, the Homeless Shelter Program is subject to financial management practices that are in the best interest of the District and to federal funding prohibitions such as those found in the United States Code.

**Financial Management Practices.** In our opinion, best and prudent financial management practices for the District would include using available and authorized federal funds for legally authorized purposes before using District local funds for those same purposes. The District should conserve its local funding whenever possible, but especially in times of spending pressures. While DHS officials have not agreed with this prudent practice, the Homeless Shelter Program is specifically designated by law<sup>2</sup> to be included in a multi-year

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<sup>2</sup> D.C. Law 13-172, Fiscal Year 2001 Budget Support Act of 2000, Title XLIV, §§ 4401 - 4406.

## FINDINGS AND RECOMMENDATIONS

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financial plan submitted to the City Council and to the District's Chief Financial Officer that would detail how the Program would provide improved service delivery that "reduces expenditures, especially from local funds[.]" Consistent with this legal requirement, we believe that best practices would dictate using federal funds first whenever legally authorized to do so. Specifically, DHS paid with various Homeless Shelter Program expenses with District local funds, totaling \$647,030, when the District could have used TANF/SSBG funds.

**DHS Position.** DHS Program and financial officials stated that the District's funds were used in lieu of TANF/SSBG funds because District funds are available for 1 year only, and if funds were not completely expended, the remaining funds would be forfeited at fiscal-year end. The officials also stated that TANF/SSBG funds are available for 2 years, and unspent funds could be carried forward to the following fiscal year. Therefore, DHS officials concluded that to use District funds first would provide a cushion of TANF/SSBG funds for the next fiscal year when local District funds in sufficient amounts would not necessarily be available. The DHS official concluded that, in this way, the Homeless Shelter Program was assured of having more funds available in the future for homeless services. While the intent may be admirable, this practice excludes executive decision makers and the City Council oversight that could assure the best and most efficient use of all available Homeless Shelter Program funds within the context of District-wide funding pressures.

**Financial Details.** In FY 2000, DHS used the District's local funds, totaling \$8,582,000, for the Homeless Shelter Program, although costs of services benefiting individuals totaled only \$7,934,970. The \$647,030 difference benefited families and was thus eligible for funding from available TANF/SSBG funds although the District's local funds are authorized to be used for such purposes. In our opinion, DHS should have exhausted TANF/SSBG funds first to cover the costs of services benefiting families before using the District's local funds. Whenever TANF/SSBG funds are eligible to be used for family services, DHS should take the opportunity to use them and hence save local District funds or make these funds available for other authorized purposes.

**Federal Funding Prohibitions.** The U.S. Code prohibits the use of TANF/SSBG funds to benefit individuals. Instead, the funds must be used to benefit children or their families that meet a statutory income requirement.<sup>3</sup> Program and financial representatives of DHS were not aware of this prohibition and thus did not initiate the controls necessary to ensure the proper accounting and use of such funds for families only. Appropriations may only be used for the purposes intended;<sup>4</sup> accordingly, DHS may need to transfer inappropriate costs for

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<sup>3</sup> Title 42, United States Code Annotated, Section 604(d)(3)(B) (2001) provides, in part, that TANF funds transferred to social services block grants "shall be used only for programs and services to children or their families whose income is less than 200 percent of the income official poverty line."

<sup>4</sup> Title 31, United States Code Annotated, Section 1301(a) (2001) states: "Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law."

## FINDINGS AND RECOMMENDATIONS

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FY 2001, totaling \$1.9 million, from TANF/SSBG funds to appropriations and funds that are authorized to pay for the costs of the Homeless Shelter Program for individuals.

**DHS Position.** Our interviews of responsible DHS Program and financial officials indicated confusion and a lack of understanding of the Program funding requirements. We believe that guidance from officials at HHS may have contributed to the misunderstandings by DHS officials. Ultimately, however, Program and financial officials agreed that TANF/SSBG funds could not fund the costs of homeless services for individuals. This confusion and misunderstandings that existed prior to our audit resulted in DHS inappropriately lodging \$1.9 million in costs to TANF/SSBG funds in FY 2001, a purpose that was not intended by the funding federal appropriation.

**Financial Details.** DHS had insufficient local funding to cover the cost of homeless shelter services that benefited single individuals in FY 2001. When District funds were exhausted, DHS used TANF/SSBG funds totaling about \$1.9 million to cover the costs of services that benefited single individuals in violation of the intended purpose of the funds. Specifically, the FY 2001 costs of funding efforts that benefited only single individuals totaled \$9,726,758 of which the District used local funds totaling \$7,871,366, which left a balance of \$1,855,392. DHS improperly paid the balance with TANF/SSBG funds.

**Other Related Matters.** Contrary to the position of DHS financial officials that the District's System of Accounting and Reporting was incapable of lodging the costs to the proper funds (including TANF/SSBG or local funds), we determined that the System is capable of recording costs in the right accounts and in the appropriate amounts. The System only requires proper user interaction and direction to accomplish the proper recording of expenses.

During the audit, we developed a methodology to determine the actual costs of services benefiting single individuals and those that benefiting families at TCP because DHS lacked a means to do so. DHS Program officials subsequently adopted our methodology to capture and track these expenses near the end of FY 2001. However, DHS had not modified the grant agreement or otherwise revised controls to ensure continued adherence to lodging costs appropriately. Our audit fieldwork ended before DHS financial officials could show whether they had made sufficient improvements to assure appropriate costs were borne by the proper fund.

### RECOMMENDATION 1

We recommended that the Director of the Department of Human Services modify the grant agreement to require TCP to bill separately and provide supporting details for costs benefiting individuals and those benefiting families.



## **FINDINGS AND RECOMMENDATIONS**

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### **DHS Response**

DHS concurred with the recommendation and will modify the grant agreement with TCP within 60 days. During FY 2001, DHS adopted a tracking system that separated expenditures for both programs that benefit single individuals and families. DHS's target completion date is September 30, 2003.

### **OIG Comment**

We consider DHS's actions to be responsive to our recommendation.

### **RECOMMENDATION 2**

We recommended that the Director of the Department of Human Services pay expenses benefiting individuals in the Homeless Shelter Program from funds appropriate for such expenses but not from TANF/SSBG funds in accordance with 42 U.S.C.A. § 604 and 31 U.S.C.A. § 1301(a).

### **DHS Response**

DHS concurred with the recommendation and will modify the grant agreement to ensure that TANF/SSBG funds are used for programs that benefit families with children. DHS presented the cost of programs that benefited families for both FY 2000 and FY 2001; \$3,976,892 and \$6,993,078, respectively. DHS stated that these expenditures did not include expenditures for the parents of children served in the homeless shelters. DHS's target completion date is September 30, 2003.

### **OIG Comment**

We consider DHS's actions to be responsive to our recommendation. However, we do not agree with the DHS position on costs of programs that benefited families with children for both FY 2000 and FY 2001. We developed a methodology to capture the costs of programs that benefited single individuals and families with children. TCP's Executive Director assisted with the development of the methodology and reviewed the costs of the programs for both fiscal years. That same methodology was adopted by DHS to capture those costs. However, DHS has not explained the basis for its disagreement with the source information we obtained from TCP.

### **RECOMMENDATION 3**

We recommended that the Director of the Department of Human Services implement written DHS policies and procedures to improve management controls that specifically preclude the use of TANF/SSBG funds for the benefit of individuals unless otherwise authorized by law

## FINDINGS AND RECOMMENDATIONS

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and to require its Homeless Shelter Program officials and the DHS CFO to expend TANF/SSBG funds for all efforts that benefit families when authorized by law before expending the District's local funding, as encouraged by D.C. Law 13-172, Title XLIV, §§ 4401 - 4406.

### DHS Response

DHS concurred with the recommendation and stated that District law does not preclude the Program from spending local funds as opposed to federal funds. DHS believes that it was in the Program's best interest to expend local funds before TANF/SSBG (federal) funds because the local funds would have expired and would be lost to the Program. DHS's target completion date is September 30, 2004.

### OIG Comment

We consider DHS's actions to be responsive to our recommendation. We understand DHS's rationale to exhaust District funding out of fear that the funding level may decrease in the following year; however, we continue to believe that the District should conserve its local funding whenever possible, especially in times of spending pressures. Decisions on using local funds first, when federal funds could be used, should be made in consultation with the District Chief Financial Officer and the Executive Office of the Mayor.

## RECOMMENDATION 4

We recommended that the Director of the Department of Human Services transfer costs lodged against TANF/SSBG funds in **FY 2001** and subsequent years for expenses that benefited individuals in the Homeless Shelter Program to funds and appropriations permitted by law to fund such expenses in order to comply with 31 U.S.C.A. § 1301(a). *[This draft recommendation was shown as Recommendation 5 in the draft report and has been revised to become Recommendation 4 to correspond with the DHS response to Recommendation 4. Also, the draft recommendation has been reworded to reflect FY 2001 instead of FY 2000.]*

### DHS Response

DHS did not concur with the recommendation, but agreed that an error was made in using TANF/SSBG funds for programs that benefited single individuals. DHS stated that it was advised by the U.S. Department of Health and Human Services that once TANF dollars are transferred to SSBG, the funds could be expended for programs that benefit single individuals or families; therefore, the transfer of funds should be waived. In addition, DHS stated that if a transfer is to be made, it should be made between the basic SSBG grant and programs that received SSBG funds.

## **FINDINGS AND RECOMMENDATIONS**

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### **OIG Comment**

Although DHS did not concur with the recommendation, it realized that it erred by using TANF/SSBG funds for programs that benefited single individuals. However, DHS does not agree that \$1,855,392 should be transferred to TANF/SSBG funds from District's local funds. We recognize that DHS officials became aware of this requirement during our audit. However, this should not preclude DHS from complying with our recommendation and federal law. The OIG is unaware of any District or federal official who has the authority to permit a deviation from federal law and regulation unless that authority is specifically included in law or regulation. Accordingly, DHS should make the adjustments unless proper authority provides a waiver. We request that DHS readdress this issue and provide a response to this recommendation when replying to this final report.

### **RECOMMENDATION 5**

We recommended that the Director of the Department of Human Services transfer costs in **FY 2000** and subsequent years for expenses that benefited families from the District's local funds to TANF/SSBG if the funds are or become available and legally authorized to pay for those expenses. *[This draft recommendation was shown as Recommendation 4 in the draft report and has been revised to become Recommendation 5 to correspond with the DHS response to Recommendation 5. Also, the draft recommendation has been reworded to reflect FY 2000 instead of FY 2001].*

### **DHS Response**

DHS did not agree with this recommendation. DHS stated that the Homeless Program for FY 2000 was funded with local funds by a letter contract for the period October 1999 through November 1999. TANF/SSBG funds were not available to DHS until December 1999. Accordingly, local funds had to be used during October and November 1999 because TANF/SSBG funds were not available. DHS states that it was not possible to delay expenses for programs that benefited families with children until TANF/SSBG funds became available.

### **OIG Comment**

DHS has provided new information that we had not considered. During FY 2000, DHS stated that it did not have TANF/SSBG funds for services it ordered and received in October and November 1999. Accordingly, DHS had to use local funds. However, for the remainder of the fiscal year, DHS could have used TANF/SSBG funds. DHS provided no rationale for not making adjustments for the remainder of the fiscal year. Therefore, we believe that the federal funds should absorb costs incurred from December 1999 through September 2000. Accordingly, DHS should make the recommended adjustments, less costs incurred, for

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## **FINDINGS AND RECOMMENDATIONS**

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October and November 1999. We request that DHS readdress this issue and provide a response to this recommendation when replying to this final report.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 2: MONITORING AND PAYING VALID AND AUTHORIZED EXPENSES OF THE HOMELESS SHELTER PROGRAM</b>
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### SYNOPSIS

TCP paid its contractors for work that was not authorized by the DHS grant providing the funding authorization for the Homeless Shelter Program. TCP submitted invoices for these unauthorized costs, and in some cases unsupported costs, to DHS whose officials inappropriately paid the expenses. We were unable to determine why TCP, and in turn DHS, paid for the costs of maintenance and repair of government-owned or government-leased facilities and charges for office space in a personal residence with funds intended to operate homeless shelters. Notwithstanding the need to maintain and repair government-owned homeless shelters and facilities, the grant recipient inappropriately authorized and paid for the work and submitted the invoices to DHS officials who inappropriately reimbursed TCP for the work with funds intended to operate the shelters. It would appear, because of the lack of controls discussed in Finding 1, that DHS also inappropriately reimbursed TCP for these expenses, totaling \$214,001, using a mixture of TANF/SSBG and District funds intended for other purposes.

### DISCUSSION

While we were unable to determine the specific reasons DHS allowed these inappropriate costs to be paid through a grant intended for operating homeless shelters, a contributing factor may have been that TCP and DHS officials were not fully aware of their authority and responsibility to guard the District against inappropriate charges. The need to obtain work and services and make expenditures does not mean that any funding vehicle, such as a grant, may be used to pay for an expense that is not authorized by that grant. When maintenance and repair expenditures are lodged as homeless shelter operating costs, executive management and the City Council will have difficulty identifying the true costs of each, which may perpetuate funding shortfalls.

While the scope of our review did not include determining whether the budget for the maintenance and repair of homeless shelter facilities was under funded, we suspect that the maintenance and repair budget is significantly under funded and that no mechanism exists for DHS to obtain emergency repairs or even routine maintenance to the shelters. This probable lack of available maintenance and repair funding and mechanisms for obtaining such services could have contributed to the misuse of funds. A subsequent District-wide audit is contemplated to examine deferred maintenance of government facilities, which will clarify this issue.

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## FINDINGS AND RECOMMENDATIONS

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**Background and Perspective.** DHS's grant JA-FSA-00-0014 provided for TCP to manage the Homeless Shelter Program for the District. In turn, TCP contracted with service providers to operate shelters. TCP's contracts with service providers included terms that required providers to submit invoices for actual costs incurred and that unallowable costs would be disallowed. The contracts also provided that any expenditure disallowed by audit or questioned by TCP shall be subject to appeal and possible repayment. In addition, TCP's contracts provide that accounting records shall be supported by source documentation such as cancelled checks, paid bills, payroll records, etc.

We are concerned not only that TCP allowed payment for expenses clearly outside the scope of the grant but that DHS also allowed these costs. We are troubled that TCP and DHS allowed expenses for the payment of federal fines, totaling \$5,552, and personal office space in someone's home, totaling \$19,080 annually. We are especially troubled because the funds were intended to benefit people who are homeless.

However, the bulk of inappropriate expenses apparently benefited the District because they were used for the maintenance and repair, sometimes in emergencies, of District-owned or leased facilities. While DHS did not have written policies and procedures establishing its responsibility and the mechanisms and means to acquire and pay for major repairs and maintenance to District government-owned and long-term leased buildings, both DHS and TCP officials agreed that DHS has the responsibility to pay for major repairs and maintenance in those buildings that operate under the TCP Homeless Shelter Program.<sup>5</sup>

**Details.** We reviewed 783 invoices valued at \$3.2 million for the period October 1, 1999 – September 31, 2001, to determine whether TCP and DHS performed an adequate review of charges, including whether the charges were appropriate and supported by sufficient documentation. We questioned costs, totaling \$153,718, for 47 of the 783 invoices paid initially by TCP and ultimately by DHS, as shown in Table III. We questioned the costs because the grant did not authorize these expenses or because support for an expense was lacking. We further categorized questioned costs as those general expenses, unsupported expenses, and maintenance and repair expenses. General expenses were the costs not otherwise categorized. We have provided a few examples of costs we questioned.

**Example 1.** As shown in Table III for Shelter A, a service provider was paid \$38,160 over a 2-year period for office space used in the home of the shelter's Executive Director. The service provider had available office space in the shelter; yet, \$1,590 was billed to TCP monthly for office space in the Executive Director's private home. TCP management could not offer a reasonable explanation as to why the costs of office space in a private home were allowed other than it was a longstanding practice. TCP management was aware of the monthly charge but did not correct the issue until we brought it to their attention during the

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<sup>5</sup> Office of Facility Management, DHS, has the responsibility and maintains a budget to pay the cost of repairs and maintenance to District-owned and long-term leased facilities used by DHS programs.

## FINDINGS AND RECOMMENDATIONS

audit. Once we questioned the costs, TCP's management took immediate action to stop the reimbursement, effective October 1, 2001. DHS should recover any payments made to TCP for expenses associated with office space in a private home.

**Table III - SUMMARY OF QUESTIONED COSTS**

C o d e <sup>6</sup>	Shelter Type & Number of Invoices	Questioned Costs			Summary of Issues
		General Expenses	Unsupported Expenses	Maintenance/ Repair Expenses	
A	Family (24 invoices)	\$38,160	\$0	\$0	\$1,590/month over a 2-year period for office space in the private home of the shelter's Executive Director
B	Single male (2 invoices)	0		2,463	\$1,118 and \$1,345 to repair two compressors in trailer #5 and # 6
C	Family (20 invoices)	0	72,158	0	Electric bills unsupported during FYs 2000 and 2001
D	Single Female (1 invoice)	5,552	0	0	Penalty levied by the federal government regarding federal employment taxes
D	Single Female (1 invoice)	0	0	2,500	To remodel a shower
E	Family (1 invoice)	0	0	63,600	To repair shelter's heating system
F	Single Male (1 invoice)	0	0	1,985	To repair a boiler
F	Single Male (1 invoice)	0	0	25,128	For shelter repairs
F	Single Male (1 invoice)	0	0	2,455	For shelter repairs
<b>TOTALS</b>		<b>\$43,712</b>	<b>\$72,158</b>	<b>\$98,131</b>	<b>Sum Total \$214,001</b>

**Example 2.** At Shelter D, the service provider was reimbursed \$5,552 for a penalty assessed by the U.S. Internal Revenue Service for federal employment taxes. We asked a TCP official why this expense was allowed and were told that it was an error and should not have been paid. As a result of poor management oversight, TCP (and ultimately DHS) paid expenses that were clearly inappropriate, totaling \$43,712 during FYs 2000 and 2001. In addition, adequate supporting documentation for invoices paid was not always available.

**Example 3.** At Shelter C, the service provider submitted monthly invoices for reimbursement without sufficient supporting documentation for electric bills. While the invoice may have been for 50 separate unit charges, only the bill for 2 or 3 units supported the 50 charges. Accordingly, we question these unsupported charges. Nonetheless, TCP and

<sup>6</sup> The identification code assigned to a specific shelter by the Office of the Inspector General.

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## FINDINGS AND RECOMMENDATIONS

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ultimately DHS paid \$72,158 for electric bills without adequate documentation to support the charges between October 1999 and July 2001.

**Example 4.** At Shelter E, TCP paid \$63,600 for repairs to a defective heating system in a District-leased emergency family shelter, which should have been paid for with funds available to DHS for major repairs and maintenance, not the funds available on the TCP grant.<sup>7</sup> A TCP official stated that although DHS is responsible for paying the cost of repairs and maintenance, DHS lacked available funding for that purpose and no other means were available to acquire the services except from the providers' operating budget. In addition, officials from both DHS and TCP stated that the DHS procurement process is too lengthy for emergency and routine procurements and could take from 30 to 90 days or more. However, contracting vehicles can be executed that allow for on-call emergency services and for routine maintenance. We found no evidence that management had taken aggressive steps to resolve the situation or bring it to the attention of the Director of DHS or the Deputy Mayor for Children, Youth, Families, and Elders.

**Unauthorized Purchases and Ratification.** The authority to ratify procurement actions undertaken without a valid written contract expired on September 30, 2001, when the District of Columbia Financial Authority discontinued its influence over District operations. Subsequently, temporary legislation<sup>8</sup> provided a process for ratifying unauthorized procurements. Permanent legislation was under consideration in December 2002 to again allow a means to pay vendors for unauthorized procurements in certain instances. Until such authority is enacted, the District lacks the authority to make payments to vendors and others for goods and services in instances that proper contracting methods were not used.

**Conclusion.** DHS should ensure that TCP properly reviews all invoices prior to paying the service providers. DHS should ensure its personnel that are responsible for making payments are aware of limitations on the funds that pay expenses of grants, limitations on the work and services authorized by grants, and ensure that DHS only pays for work and services authorized by the grant with funds appropriate for that purpose. While we did not determine whether shelter maintenance and repair funds are adequately budgeted, DHS should take action to ensure funding is adequate. Finally, DHS needs to ensure that it executes service contracts or some other mechanisms to provide emergency repairs as well as routine maintenance at government-owned or government-leased shelters.

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<sup>7</sup> In the absence of written procedures or guidelines that define "major" or "minor" repairs and maintenance, we considered major repairs and maintenance to be \$1,000 or more per occurrence.

<sup>8</sup> E.g., D.C. Act 14-242, the "Vendor Payment Authorization Emergency Amendment Act of 2002," effective January 28, 2002, which expired April 28, 2002; and D.C. Law 14-130.



## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION 6**

We recommended that the Director of the Department of Human Services establish written policies and procedures requiring TCP to ensure that all requests for reimbursements are allowable and that adequate supporting documentation is on hand prior to approval.

#### **DHS Response**

DHS concurred with the recommendation and will modify the grant agreement to require that TCP ensure that all requests for reimbursement are supported by adequate documentation prior to payment. DHS's target completion date is September 30, 2003.

#### **OIG Comment**

We consider DHS's actions to be responsive to our recommendation.

### **RECOMMENDATION 7**

We recommended that the Director of the Department of Human Services recover questioned costs in the amount of \$214,001 as detailed in Table III.

#### **DHS Response**

DHS obtained supporting documentation for the \$72,158 of formerly Unsupported Expenses and agreed to recoup General Expenses in the amount of \$43,712. However, DHS did not agree to recoup the Maintenance/Repair Expenses in the amount of \$98,131. DHS stated that minor maintenance are expenditures less than \$2,500. DHS's target completion date is for recouping \$43,712 is September 30, 2003.

#### **OIG Comment**

We consider DHS actions responsive with regard to obtaining the supporting documentation for \$72,158 and its efforts to recoup \$43,712. However, DHS has not formalized its policy of \$2,500 or less to be the delineation between major and minor repairs. Further, even though DHS now has this "informal" delineation policy, it makes no effort to differentiate the responsibility for funding major and minor repairs. The grant provides only for minor repairs. Accordingly, the cost of major repairs is unallowable. Therefore, DHS should recoup at least \$88,728 based on its own definition of major and minor repairs: \$63,600 for repairs to shelter E's heating system and the \$25,128 for shelter repairs. We request that DHS reconsider its position on this recommendation and provide a response to this final report that meets the intent of the recommendation.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION 8**

We recommend that the Director of the Department of Human Services initiate, as appropriate, the ratification process (when authorized by law) to pay for maintenance and repair costs properly billable to DHS but not the Homeless Shelter Program grant, and particularly for those improperly paid with grant funds as detailed in Table III.

#### **DHS Response**

DHS stated that expenditures made in FYs 2000 and 2001 were appropriate and necessary and the Department did not know of an alternate available funding source.

#### **OIG Comment**

We consider this recommendation unresolved. These expenditures should have been paid by DHS from sources other than the shelter's operating budget. Nothing in the grant authorizes TCP to use grant funds for minor repairs, especially when DHS is supposed to pay those costs directly. DHS needs to ensure that costs of minor repairs are not lodged against the grant. We request that DHS reconsider its position on this recommendation and provide a response to this final report that meets the intent of the recommendation.

### **RECOMMENDATION 9**

We recommended that the Director of the Department of Human Services direct TCP, via a modification to the grant, to refrain from creating unauthorized orders for emergency and routine maintenance and repair of government-owned/leased homeless shelters and establish mechanisms at DHS, such as contracts, to permit timely acquisition of such services with funds appropriate for the services.

#### **DHS Response**

DHS did not believe that these were unauthorized expenditures however; DHS has established a mechanism to acquire repairs through the procurement process.

#### **OIG Comment**

We consider the expenditures to be unauthorized when paid from the homeless operating budget. However, we consider the establishment of a mechanism to pay the costs of repairs through the procurement process to be responsive to the intent of our recommendation. Initial action has been completed on the ongoing effort.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION 10**

We recommended that the Director of the Department of Human Services ensure that sufficient funding is included in the DHS annual budget for major repairs and maintenance to District-owned and District long-term leased homeless shelters.

#### **DHS Response**

DHS concurred with this recommendation and stated that Family Services Administration budgets for FY's 2002 – 2004 include local funds to support shelter repairs.

#### **OIG Comment**

We consider DHS actions to be responsive to our recommendation. Initial action has been completed on the ongoing effort.

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## FINDINGS AND RECOMMENDATIONS

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### FINDING 3: SUBMITTING ANNUAL AUDIT REPORTS

#### SYNOPSIS

TCP did not ensure that service providers fully complied with the U.S. Office of Management and Budget Circular A-133 requirement for a single audit and the TCP requirement for a certified financial statement. Specifically, TCP did not ensure that service providers timely submitted the required single and certified financial statement audit reports. This condition was attributed to TCP's lack of management oversight. In an audit report issued by the HUD IG in September 1998, TCP was cited for not obtaining annual audit reports from service providers within the specified reporting timeframes. Our review found that TCP still has not complied with the audit recommendation outlined in the HUD IG report. TCP has not implemented adequate management controls to ensure that providers submit required annual audit reports on time so that TCP could use the reports to make timely management decisions. Even more troublesome were the indications that no one at TCP was analyzing the reports.

#### DISCUSSION

OMB Circular A-133 provides that non-federal entities that expend federal funds totaling \$300,000 or more annually shall be subject to a single audit within 9 months after the end of the service providers' fiscal year. TCP contracts with service providers receiving less than \$300,000 annually in federal funds require service providers to submit a certified financial statement audit report no later than 90 days after the end of their fiscal year. The reports are designed to disclose the financial condition of each service provider, thereby assisting TCP in monitoring services and management of the Homeless Shelter Program. However, we found controls lacking that indicate TCP was unaware of what audits had been done or should have been done. Furthermore, reports (when received) were filed without analysis of their content.

We reviewed the reporting requirement for 28 service providers for FY 2000 and found that 9 providers were required to submit a single audit report. The remaining 19 service providers were required to have an annual certified financial statement audit. As of May 10, 2002, we found a compliance rate of 55 percent for single audits and 21 percent for certified annual financial statement audits. TCP lacked a process to track the status of required reports and lacked controls, which would have ensured a critical analysis of the contents of each report. In the absence of effective control measures, we used the date the reports were signed to determine the degree of compliance with reporting requirements. Table IV below illustrates the extent that service providers met requirements for submitting FY 2000 financial reports.

## FINDINGS AND RECOMMENDATIONS

**Table IV - Timeliness of OMB Single and Financial Audit Reports for FY 2000**

Type of Audit	Reports Required	Prepared on Time	Number Submitted Late	Number Not Submitted <sup>9</sup>
OMB A-133 Audits	9	5	1 (61 days late)	3 (406-465 days)
Annual Financial Audits	19	4	9 (9 to 354 days late)	6 (406-496 days)

A HUD IG Audit Report (No. 98-A0-251-1806), *Innovative Homeless Initiatives Demonstration Program the Community Partnership for the Prevention of Homelessness, Washington, D.C.*, dated September 28, 1998, cited TCP for not obtaining timely annual audit reports from service providers. The audit recommended that TCP withhold payments to service providers that do not submit required annual audit reports. TCP stated in its response to the HUD IG that “[TCP] has instituted a tracking and monitoring system which precludes contract execution and/or payment for organizations which have not submitted financial statements and audits as required by their contracts or which have not instituted corrective actions in response to audit findings.”

Our review disclosed, however, that this situation still exists and continues 4 years later. When we requested a listing of the service providers that submitted the single and certified financial statement audit reports for FY 2000, TCP management could not provide the information without contacting the service providers directly. In addition, the information was furnished more than 120 days after our request. We concluded that this condition was due to a lack of management oversight. Most troubling is that TCP management may pay for and obtain the reports, but may not make use of them. Thus, the reports are of little value. The timely submission of the single and the certified financial statement audits would enable an attentive TCP to use the reports for making management decisions, particularly in the areas of Program costs and expenditures.

### RECOMMENDATION 11

We recommended that the Director of the Department of Human Services ensure that TCP management track each service provider’s submission of required single and certified financial statement audit reports and date stamp reports when received to ensure compliance with OMB Circular A-133 and contract provisions.

<sup>9</sup> As of May 10, 2002

## **FINDINGS AND RECOMMENDATIONS**

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### **DHS Response**

DHS agreed with the recommendation. DHS stated that they have implemented a tracking system and that notices will be sent to providers advising them of the approaching of submission deadlines, and of the potential financial penalties for failure to comply.

### **OIG Comment**

We consider DHS actions to be responsive to our recommendation. Initial action is completed on this ongoing effort.

### **RECOMMENDATION 12**

We recommended that the Director of the Department of Human Services revise its grant agreement to require TCP to analyze the single and financial audit reports.

### **DHS Response**

DHS concurred with the recommendation. DHS stated the Department will make appropriate amendments to TCP grant. DHS's target completion date is September 30, 2003.

### **OIG Comment**

We consider DHS actions to be responsive to our recommendation.

### **RECOMMENDATION 13**

We recommended that the Director of the Department of Human Services withhold payments to TCP if TCP does not meet required timeframes by December 2003 for its service providers to submit single/financial audit reports.

### **DHS Response**

DHS stated that TCP will ensure that providers submit a compliance report by November 31, 2003 and that TCP will submit a report documenting that providers have complied with reporting requirements. Also, the grant will contain language requiring TCP to impose sanction or incur a sanction if it does not enforce this requirement. DHS's target completion date is September 30, 2003.

### **OIG Comment**

We consider DHS actions to be responsive to the intent of our recommendation.

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## FINDINGS AND RECOMMENDATIONS

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### FINDING 4: INCREASING SAFETY AT HOMELESS SHELTERS

#### SYNOPSIS

The potential for the occurrence of fires and injury as a result of fires is higher than it otherwise would be in the District homeless shelters if fire inspections were conducted periodically and associated corrections made for discrepancies when found. We also observed that providers were not in compliance with contract terms in 2 instances regarding safety provisions in the 11 shelters we visited, i.e., 2 family shelters lacked staff members trained to administer cardiopulmonary resuscitation (CPR). Neither DHS nor TCP required providers to obtain periodic fire inspections at the shelters although 30 fires occurred in and on homeless shelter premises in the 34-month period ended July 28, 2002. TCP inadequately monitored compliance with contract terms to ensure shelter personnel were properly trained. As a result, the risk of fire and harm to shelter residents was greater than it would have been if fire inspections were conducted and providers adhered to contract terms.

#### DISCUSSION

We reviewed the living conditions at 11 homeless shelters during our audit; and overall, the living conditions observed were generally adequate. However, we believe that homeless shelters should meet fire safety provisions in order to adequately protect shelter residents. We also observed that providers did not always comply with safety provisions required by contract.

TCP contracted with service providers to operate 41 homeless shelters in FY 2000 and 44 shelters in FY 2001. We visited and reviewed 11 homeless shelters to assess the safety of residents and determined that periodic fire inspections were not required. However, each shelter we visited had a Certificate of Occupancy Permit. Such permits are issued only after an initial fire inspection. However, there are no District requirements for subsequent fire inspections. One family shelter did not have an emergency evacuation plan posted and two family shelters lacked staff members trained to administer CPR.

The District of Columbia Fire Prevention Code<sup>10</sup> does not mandate periodic fire inspections of homeless shelters, but it does provide that the purpose of a fire inspection is to ascertain and cause “to be corrected any conditions liable to cause fire, contribute to the spread of fire, interfere with fire fighting operations, endanger life or any violations of the provisions or intent of this code or any other ordinance affecting fire safety.

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<sup>10</sup> 12D DCMR § F-108.1 (Lexis through 2002 legislation).

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## FINDINGS AND RECOMMENDATIONS

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TCP contracts specify that service providers are to maintain current permits and licenses required by the Department of Consumer and Regulatory Affairs to operate in the District. Prior to beginning operations, shelters are required to obtain a Certificate of Occupancy Permit, which includes a fire inspection. However, we are unaware of any requirement to have a fire inspection of a District homeless shelter subsequent to obtaining an occupancy permit.

Shelters are located primarily in old buildings and trailers that are highly susceptible to fires. Fire inspections are critical to ensure that smoke alarms and fire extinguishers are properly placed and function properly. For example, fire extinguishers should be in plain view, above the reach of children, near an escape route, and away from stoves or heating appliances. In addition, fire inspections ensure that doors and exits are not blocked in case of a fire. In summary, periodic fire inspections will reduce the risk of fires and could potentially save the life of a shelter resident or staff member.

**Fire Inspection.** Neither DHS nor TCP required the homeless shelters to obtain fire inspections performed by fire marshals. In evaluating information on fires provided by the District of Columbia Fire Department, we found that there were 30 fires on homeless shelter premises from October 1, 1999, to July 28, 2002. Details are shown in Table I below:

**Table V - Fires at Homeless Shelters - October 1, 1999 – July 28, 2002**

<b>Fires</b>	<b>Occurrences</b>
Apartment fire	4
Building on fire	4
Basement fire	1
Defective stove	1
Fire reported out	4
Food on stove	1
Short circuit	3
<b>Total Fires Indoors</b>	<b>18</b>
Trash outside	9
Garage on fire	1
Dumpster/Trash box	2
<b>Total Fires Outdoors</b>	<b>12</b>
<b>Total Fires</b>	<b>30</b>

Based on our discussions with management, we concluded that neither DHS Homeless Shelter Program officials nor TCP management favored a requirement for mandatory periodic inspections. A TCP official stated that if homeless shelters were subjected to periodic fire inspections they would more than likely fail and be forced to close their doors to the homeless.



## **FINDINGS AND RECOMMENDATIONS**

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We believe that DHS should require TCP to establish contractual requirements for a biennial fire inspection at all homeless shelters. Such biennial-fire inspections will assure that homeless premises occupied by District residents meet minimum fire code requirements with attendant increased safety. This is a paramount safety concern, especially since there were so many fires associated with the shelters in the past.

**Emergency Evacuation Plan.** One family shelter that housed children did not have emergency evaluation plans posted, but 10 shelters had posted such plans. We believe an evacuation plan should be strategically posted near all exits to identify emergency escape routes to the residents. A fire inspection would likely detect and report the absence of such plans. When such plans are not posted, the potential for injury or loss of life is increased.

**Cardiopulmonary Resuscitation (CPR).** TCP's contracts with providers require that all essential staff be trained to administer CPR. The contracts also provide that service providers could be penalized for any health and safety issues deemed to be life threatening to residents and staff. Two family shelters did not have any staff members trained to administer CPR. The lack of available trained staff members may delay immediate care until help arrives although each provider's staff is expected and paid to be able to administer care such as CPR. Shelter management advised that they were preparing to obtain training for the staff. We attribute these conditions to the service providers' lack of compliance with contract provisions and insufficient oversight by TCP's Program monitors that otherwise would detect whether service providers were in compliance with contract provisions.

### **RECOMMENDATION 14**

We recommended that the Director of the Department of Human Services ensure (by grant modification if necessary) that TCP establish a contract provision in all new contracts and amend existing contracts to require biennial fire inspections in all homeless shelters.

#### **DHS Response**

DHS concurred with the recommendations and stated that the TCP grant agreement will be amended to require the development and implementation of progressive plan for fire inspections. DHS's target completion date is September 30, 2004.

#### **OIG Comment**

DHS's response meets the intent of the recommendation.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION 15**

We recommended that the Director of the Department of Human Services ensure (by grant modification if necessary) that TCP require its service providers to post emergency evacuation plans near the entrances and exits of all homeless shelters.

#### **DHS Response**

DHS stated that TCP's grant agreement will be amended to include a requirement that all service providers post emergency evacuation plans near the entrances and exits of all homeless shelters. DHS also stated that program monitors will make site visits to ensure that emergency evacuation plans are posted.

#### **OIG Comment**

We consider DHS actions to be responsive to our recommendation. DHS has completed initial action on this ongoing effort.

### **RECOMMENDATION 16**

We recommended that the Director of the Department of Human Services ensure (by grant modification if necessary) that TCP enforce its contract requirements to have all essential staff members trained to administer Cardiopulmonary Resuscitation in homeless shelters.

#### **DHS Response**

DHS concurred with the recommendation. DHS stated that they will ensure that all essential staff members are properly trained to administer CPR.

#### **OIG Comment**

We consider DHS actions to be responsive to our recommendation. DHS has completed initial action on this ongoing effort.

### **RECOMMENDATION 17**

We recommended that the Director of the Department of Human Services ensure (by grant modification if necessary) that TCP monitor contractor performance sufficiently to ensure that providers comply with contract provisions, deficiencies are documented, and providers make timely corrections.

## **FINDINGS AND RECOMMENDATIONS**

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### **DHS Response**

DHS concurred with this recommendation and stated it has enhanced its monitoring capabilities and will work closely with TCP to ensure that providers are in compliance with contract provisions.

### **OIG Comment**

We consider DHS actions to be responsive to our recommendation. Initial action is completed on this ongoing effort.

## EXHIBITS

### EXHIBIT A: SUMMARY OF POTENTIAL MONETARY BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and Type of Monetary Benefit
1	Compliance, Economy and Efficiency and Internal Control. Establishes policies to ensure proper use of funds.	Non Monetary
2	Compliance and Internal Control. Ensures proper use of funds.	Non Monetary
3	Economy and Efficiency and Internal Control. Improves management controls to ensure proper use of TANF/SSBG funds.	Non Monetary
4	Compliance and Internal Control. Transferring costs from federal funds to District local funds.	\$1,855,392 for FY 2001
5	Compliance and Internal Control. Transferring costs from District local funds to federal funds.	\$647,030 for FY 2000
6	Economy and Efficiency and Internal Control. Ensure costs are allowable and that supporting documentation is on hand.	Unquantifiable
7	Economy and Efficiency and Internal Control. Recover funds from TCP and service providers, expended from Homeless grant funds.	\$214,001 for FYs 2000 and 2001
8	Compliance and Internal Control. Ensures that maintenance and repairs costs are not paid from homeless grant funds.	Non Monetary
9	Economy and Efficiency and Internal Control. Establishes policies and procedures to timely acquire maintenance and repairs with funds appropriate for services.	Non Monetary
10	Economy and Efficiency and Internal Control. Ensures that DHS has sufficient funding to pay the costs of maintenance and repairs.	Non Monetary

## EXHIBITS

### EXHIBIT A: SUMMARY OF POTENTIAL MONETARY BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and Type of Monetary Benefit
11	Compliance and Internal Control. Ensure timely submission of single and certified financial statement audits reports.	Non Monetary
12	Economy and Efficiency and Internal Control. Ensures the analysis of single and certified financial statement audit reports.	Non Monetary
13	Compliance, Economy and Efficiency and Internal Control. Ensures compliance with OMB A-133 and TCP contract requirement for timely submission of single and certified financial statement audit reports.	Non Monetary
14	Economy and Efficiency and Internal Control. Provides procedures to increase safety of shelter residences.	Non Monetary
15	Economy and Efficiency and Internal Control. Provides procedures to increase safety of shelter residences.	Non Monetary
16	Compliance and Internal Control. Ensures compliance with TCP contract provisions to enhance safety of shelter residences.	Non Monetary
17	Compliance and Internal Control. Ensures service providers comply with contract terms for timely corrective actions.	Non Monetary

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## EXHIBITS

### EXHIBIT B: DEPARTMENT OF HUMAN SERVICES RESPONSE TO DRAFT REPORT

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF HUMAN SERVICES



DIRECTOR

JUL 29 2003

Mr. Charles C. Maddox  
Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005

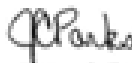
Dear Mr. Maddox:

Pursuant to a request from your office, I have enclosed a revised response to the Audit of the Homeless Shelter Program for Fiscal Years 2000 and 2001. This response supplants in its entirety the comments that were submitted on June 19, 2003.

As you are aware, there are some audit recommendations with which we agree, and we appreciate the information that can be used to help us improve the quality of the services to persons who are homeless. There are some recommendations with which we do not agree and suggest that significant back-up information is available in support of our position. The back-up documents were submitted with the first responses to the Audit.

If you have questions regarding this submission or need additional information, please contact me at (202) 279-6002.

Sincerely,



James C. Parks  
Deputy Director for Administration

JCP/pym

cc: Yvonne Gilchrist, Acting Director, DHS  
Vanessa Chappell-Lee, Deputy Director for Programs, DHS  
Ricardo Lyles, Acting Administrator, Family Services Administration, DHS  
[REDACTED], Chief Financial Officer, DHS

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## EXHIBITS

### EXHIBIT B: DEPARTMENT OF HUMAN SERVICES RESPONSE TO DRAFT REPORT

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**Response of the Department of Human Services Family Services Administration to the  
Audit of the Homeless Shelter Program**

**Finding 1: Using Homeless Program Funds Efficiently and Effectively**

**1. Recommendation of the Office of the Inspector General**

Modify the grant agreement to require TCP to bill separately and provide supporting details for costs benefiting individuals and those benefiting families.

**1. Response of the Department of Human Services**

The Department of Human Services concurs with the recommendation.

*Proposed action:* The Department will execute the grant modification within 60 days.

*Start date:* August 4, 2003

*Expected completion date:* September 30, 2003

*Actions taken thus far:* The Department of Human Services has required that The Community Partnership for the Prevention of Homelessness (the Community Partnership/TCP) submit separate expenditures for services for single individuals and families on each invoice. This separation of expenditures was a process adopted in FY'01 and continues under the grant option periods. Attachment Number One includes spreadsheets for FY'01 and FY'02 that show the separation of spending by the single adult and family categories. The Department concurs with the recommendation that the grant agreement with the Community Partnership should be modified to require separate billing for costs benefiting individuals and those benefiting families.

**2. Recommendation of the Office of the Inspector General**

Pay expenses benefiting individuals in the Homeless Shelter Program from funds appropriate for such expenses but not from TANF/SSBG funds in accordance with 42 U.S.C.A. § 604 and 31 U.S.C.A. § 1301(a).

**2. Response of the Department of Human Services**

The Department of Human Services concurs with the recommendation.

*Proposed action:* The Department will execute the grant modification within 60 days.

*Start date:* August 4, 2003

*Expected completion date:* September 30, 2003

## EXHIBITS

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*Actions taken thus far:* As was noted in response # 1, since 2001, FSA has required separate invoices for individuals and families. As noted above, this practice will be formalized through the execution of a grant modification within 60 days.

In late FY' 01, the Department modified the grant invoicing process to ensure that expenditures related to homeless individuals are processed under appropriated funds and not against the SSBG account. The grant Purchase Notification for The Community Partnership reflects the designation of grant funds and local appropriated funds. In turn, the invoice certification forms are designated with the funding codes for the SOAR account related to appropriated funds and SSBG grant funds respectively. The accounting staff processes the invoices based on the identified funding source. In FY'03, the Department modified the grant agreement to ensure earmarking of federal funds by requiring that:

"The Grant shall monitor and ensure that subrecipients of the TANF transfer funds are earmarking the requirements of serving children or their families whose income is less than 200% of the official poverty guidelines as required by the Health and Human Services agency." (See Attachment No. 3)

*Discussion:* Since FY'01, the portion of the shelter services funded by local appropriated funds has grown substantially. These local funds have been more than sufficient to support services provided to single individuals and also contribute toward the support of family shelters.

In FY'00, the TANF transfer to the SSBG was \$7,000,000 of which \$4,377,285 was expended. In FY '00, \$3,976,892 of the Social Service Block Grant funds were expended for families. See the table below.

Program Activities	Expenditures
Day Care	\$313,972
Foster Care	\$1,221,001
Homemaker Services for Families	\$108,654
Services to at Risk Youth	\$244,211
Services to Homeless Children in Families <sup>1</sup>	\$1,337,000
Case Management Services	\$752,054
<b>Total SSBG Expenditures for Families</b>	<b>\$3,976,892</b>

These expenditures did not include spending for the parents of children served in the homeless program. Therefore, the expenditures for homeless families were higher than the figure listed in the table above.

In FY' 01, SSBG spending for families was as follows:

<sup>1</sup> These expenditures did not include spending for the parents of children served in the homeless program. According to the Social Services Block Grant Annual Report for FY'00, 1,400 children received homeless services at a cost of \$950 per child.



## EXHIBITS

### EXHIBIT B: DEPARTMENT OF HUMAN SERVICES RESPONSE TO DRAFT REPORT

Program Activities	Expenditures
Day Care	\$615,710
Education and Training for Child Care	\$99,000
Foster Care	\$522,532
Homemaker Services for Families	\$167,310
Services to at Risk Youth	\$224,132
Services to Homeless Children in Families <sup>2</sup>	\$5,106,372
Case Management Services	\$258,022
<b>Total SSBG Expenditures for Families</b>	<b>\$6,993,078</b>

Again, these expenditures did not include spending for the parents of children served in the homeless program. Therefore, the expenditures for homeless families were higher than the figure listed in the table above.

#### 3. Recommendation of the Office of the Inspector General

Implement written DHS policies and procedures to improve management controls that specifically preclude the use of TANF/SSBG funds for the benefit of individuals unless otherwise authorized by law and to require its Homeless Shelter Program officials and the DHS CPO to expend TANF/SSBG funds for all efforts that benefit families when authorized by law before expending the District's local funding, as encouraged by D.C. Law 13-172, Title XLIV, §§ 4401-4406.

#### 3. Response of the Department of Human Services

The Department of Human Services concurs with the recommendation.

*Proposed action:* Work with the Office of the Chief Financial Officer to ensure that policies and procedures are in place to preclude the use of TANF/SSBG for the benefit of individuals.

*Start date:* October 1, 2003

*Expected completion date:* September 30, 2004

*Actions taken thus far:* As noted in responses to recommendations one and two, the Department has required that the grantee provide separate invoicing for homeless individuals and homeless families. It is further required that the Grant Purchase Notification document reflect discrete designations of federal grant funds and local appropriated funds. The Office of the Chief Financial Officer has implemented practices to ensure that payments are made according to the identified funding sources. In

<sup>2</sup> These expenditures did not include spending for the parents of children served in the homeless program. According to the Social Services Block Grant Annual Report for FY'00, 1,400 children received homeless services at a cost of \$950 per child. (See Attachment No. 2)

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## EXHIBITS

### EXHIBIT B: DEPARTMENT OF HUMAN SERVICES RESPONSE TO DRAFT REPORT

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requirements of the grant relationship. For over six years prior to the execution of the grant, the Community Partnership provided homeless services to the residents of the District under the D.C. Initiative. The Department had oversight of its \$11,330,000 District local fund component of the initiative. With the establishment of the grant agreement, federal TANF/SSBG funds were added to the resources available. In FY'00 and FY'01, the Department and The Community Partnership managed the funds based on the understanding that the transferred TANF/SSBG assumed the characteristics of the basic SSBG program and could be used for persons who were homeless.

The Department asserts that if a transfer is to be made, it should be made between the basic SSBG grant and programs that received SSBG funds that are also eligible under SSBG/TANF guidelines. These programs include services provided by the Child and Family Services Agency, the Youth Services Administration, the Office of Early Childhood Development, and the FSA Teen Parent Assessment Program. The audit references transactions that occurred over two years ago.

#### 5. Recommendation of the Office of the Inspector General

Transfer costs lodged against TANF/SSBG funds in FY 2000 and subsequent years for expenses that benefited individuals in the Homeless Shelter Program to funds and appropriations permitted by law to fund such expenses in order to comply with 31 U.S.C.A. §1301(a).

#### 5. Responses of the Department of Human Services:

The Department of Human Services does not concur with the recommendation.

*Discussion:* The auditors asserted that the Department used \$647,030 in local funds to support services to families under the FY 2000 grant. As the auditors noted, the Department is authorized to use local funds for this purpose. The auditors maintained that federal TANF/SSBG funds should have been exhausted before the District local funds were used for services for homeless families. A review of the grant records indicates that such an approach was not possible. In FY 2000, the homeless services arrangement with The Community Partnership was initiated with a letter of contract for \$985,000 for the period October 1999 through November 1999. Funding for this period was from District local funds and included services for homeless families. Federal funds were not available until the grant award was executed in December 1999. These were separate agreements – one a locally funded contract and the other a grant agreement that included both federal and local funds. It was simply not possible to delay using local funds until the grant agreement was in place – families needed shelter at the beginning of the year. (See Attachment No. 3A for Letter of Contract).

**Finding 2: Monitoring and Paying Valid and Authorized Expenses of the Homeless Shelter Program**

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## EXHIBITS

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#### **6. Recommendation of the Office of the Inspector General**

Establish written policies and procedures requiring TCP to ensure that all requests for reimbursements are allowable and that adequate supporting documentation is on hand prior to approval.

#### **6. Response of the Department of Human Services**

The Department of Human Services concurs with the recommendation.

*Proposed action:* The Department will modify the grant agreement to require The Community Partnership to ensure that all requests for reimbursements comply with the guidelines of OMB Circulars A-133 and A-122 and that adequate supporting documentation is provided prior to approval. Further, the Community Partnership will be required to ensure that its contract agreement contains language that reflects these modifications to the grant agreement.

*Start date:* August 4, 2003

*Expected completion date:* September 30, 2003

*Action taken thus far:* On May 22, 2003, TCP reminded its contractors that programs that receive in excess of \$300,000 are required to submit an A-133 audit. In addition, the contractors were advised to refer to Circular A-122 regarding allowable costs for non-profits receiving federal funds. (See Attachment No. 4).

#### **7. Recommendation of the Office of the Inspector General**

Recover questioned costs in the amount of \$214,001 as detailed in Table III.

#### **7. Response of the Department of Human Services**

The Department of Human Services concurs with a portion of the recommendation.

*Proposed action:* The Department will recoup funds with respect to \$5,552 related to New Hope Ministries tax penalty. (See Attachment No. 5). The Department will also recoup \$38,160 from The Alexander Social Services for home office expenditures and has directed that The Community Partnership recover these funds. (See Attachment No. 5A).

*Start date:* May 27, 2003

*Expected completion date:* September 30, 2003

The Department does not concur with a portion of this recommendation.

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*Discussion:* With respect to the directive that the Department recoup \$72,158 for electrical bills at the 45-unit Temporary Living Communities family shelter located at 1448 Park Road, N. W., the Department has received documentation in support of the actual expenditures for payments made in October 1999 and a listing of the monthly expenditures for the period October 1999 through August 2001. As the October 1999 documentation shows, the documents in support of these expenditures are voluminous (See Attachment No. 6). Therefore, The Community Partnership and the Family Services Homeless Monitor conducted a review of the documentation related to PEPCO payments made between October 1999 and August 2001 (See Attachment No. 7). Sufficient documentation was obtained to support the legitimacy of the expenses.

The audit report also addresses issues regarding shelter repairs. Shelter repairs fall into two categories: minor/routine and major repairs.

*Minor Repairs:* There were four relatively small items that the OIG listed having to do with shelter maintenance and repairs. Homeless shelters get heavy usage and require ongoing maintenance, and because of conditions of extreme cold and extreme heat it is necessary to repair heating and air conditioning systems quickly when they fail. The maintenance of showers and toilets is essential to good hygiene in crowded shelters and the Department has routinely included funds for shelter maintenance and repairs in the grant agreement. *The Department views minor maintenance as expenditures less than \$2,500.*

There are four items, which appear below, that fell within the approved budgets authorized by the Department of Human Services. The Department does not support the recommendation to recoup these funds, which total \$9,403.

- a. \$1,118 and \$1,345 to repair two compressors in trailers #5 and #6 at the Martin Luther King Jr. Avenue Shelter. The approved "repair/maintenance" budget line item, \$10,000, for the Catholic Charities \$550,989 FY '01 contract covered routine repairs and maintenance to ensure that the facilities were in good operating order. Costs were incurred to repair heat pumps for compressors that provide air conditioning and heat for the trailers. Payments were appropriate and should not be recouped.
- b. \$2,500 to remodel a shower at the 126-bed Open Door Shelter for Women located at the Federal City Shelter, a DC-owned facility in August 2002. The FY 02 contract for this facility had a line item for \$8,550 for "repair/maintenance". Showers needed to be installed in order to relocate women to the facility. Payments were appropriate and should not be recouped.
- c. \$1,985 to repair a boiler at the 100-bed Blair Shelter. The boiler needed to be repaired in order to provide heat during the winter. The Coalition for the Homeless FY 00 budget had an \$18,700 line item for "repair/maintenance". Heat is essential. Payments were appropriate and should not be recouped.

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## EXHIBITS

### EXHIBIT B: DEPARTMENT OF HUMAN SERVICES RESPONSE TO DRAFT REPORT

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- d. \$2,455 for general shelter repairs at the Blair Shelter. The FY 2001 budget had a \$15,000 line item for "repair/maintenance". Repairs are necessary. Payments were appropriate and should not be recouped.

Major Repairs: Major repairs are required when expenses exceed \$2,500 to maintain health and safety in shelter facilities.

- a. There was a major expense of \$25,128 incurred at the 100-bed Blair Shelter, a government owned building. Necessary repairs were made to the showers, toilet stalls, stairway handrails and the water-damaged flooring to bring the shelter up to minimum standards. These repairs were necessary for sanitation, health, and safety for men enrolled in the substance abuse recovery program. Given that the repairs were necessary, the Department does not concur that these funds should be recouped.
- b. There was a major expense of \$63,600 incurred at the 1413 Girard Street, N.W. Family Shelter. During the Hypothermia Season of the winter of 2000-2001, this important 15-unit family shelter was almost closed. The heating and hot water systems in the apartments were inoperable. This occurred during a period when the demand for family shelter was rising dramatically. Under the District's Hypothermia statute, the city was required to house families who sought shelter during severe weather conditions. These units were critical to ensuring compliance with this legal mandate. The Department and The Community Partnership authorized the Community of Hope, the shelter contractor, to make the necessary repairs to this government owned facility. Initially, The Community Partnership required that the Community of Hope repay the cost of the repairs. Six payments, totaling \$12,720, were made under an agreement that required repayment of \$2,120 monthly for 30 months.

In preparation for the delivery of shelter services in FY'02, the Community of Hope requested additional funds from The Community Partnership, to provide improved case management and children's services. The Community Partnership concurred that these services were necessary but needed to find a means to fund them in FY'02. In October 2001, it was agreed that The Community Partnership would forgive the remaining \$50,880 of the debt in order to close the budget gap associated with the improved case management and children's services at the Community of Hope Girard Street Shelter. This arrangement effectively ensured that The Community Partnership and the Department were paid back in family shelter services the value of the repairs. (See Attachment No. 8)

If an error was made, it was that payment should have been arranged through the Capital budget rather than the Operating budget and the Department has subsequently established a Shelter Repair Budget that totals \$713,741 for FY'03 (See Attachment No. 9). In FY '02 the Department expended \$342,037 for repairs. Documentation of this approach is included with the attachments. The documentation includes an itemized listing of those repairs, samples of Repair

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## EXHIBITS

### EXHIBIT B: DEPARTMENT OF HUMAN SERVICES RESPONSE TO DRAFT REPORT

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Purchase Notifications, and a Spending Plan incorporated into the budget allocation for shelter repairs. (See Attachment No. 10)

*Note:* The Office of the Inspector General recommended that \$214,011 be recouped from the FY '01 and FY '00 expenditures. The Department notes that OIG examined over \$3,200,000 of invoices for these two fiscal years and questioned \$214,001 or 6.7% of all expenses audited.

#### **8. Recommendation of the Office of the Inspector General**

Initiate, as appropriate, the ratification process (when authorized by law) to pay for maintenance and repair costs properly billable to DHS but not the Homeless Shelter Program grant, and particularly for those improperly paid with grant funds as detailed in Table III.

#### **8. Response of the Department of Human Services**

The Department does not concur with this recommendation.

*Discussion:* The Department concludes that the expenditures made in FY 2000 and FY 2001 were appropriate and necessary to maintain shelters in a safe condition for homeless families and individuals. The Department does not know of alternate funds that were available to cover these essential expenses.

#### **9. Recommendation of the Office of the Inspector General**

Direct TCP, via a modification to the grant, to refrain from creating unauthorized orders for emergency and routine maintenance and repair of government-owned/leased homeless shelters and establish mechanisms at DHS, such as contracts, to permit timely acquisition of such services with funds appropriate for the services.

#### **9. Response of the Department of Human Services**

The Department does not concur with this recommendation.

*Discussion:* The Department does not concur that these were broadly unauthorized expenditures as was noted in the earlier responses, the respective contracts of the vendors of TCP have approved budget that include line items for "maintenance/ repairs." As was noted in response number 7 above, in FY'02 the Department allocated funds within the budget of the Family Services Administration for shelter repairs. A mechanism has been established for the acquisition of shelter repairs through the procurement process. Sample Purchase Notification documents are included in Attachment No. 10.

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#### **10. Recommendation of the Office of the Inspector General**

Ensure that sufficient funding is included in the DHS annual budget for major repairs and maintenance of District-owned and District long-term leased homeless shelters.

#### **10. Responses of the Department of Human Services:**

The Department concurs with this recommendation.

*Start Date:* October 1, 2001

*Expected completion date:* Ongoing

*Actions taken thus far:* The Family Services Administration budget includes local funds to support shelter repairs for FY '02 and FY 03. The FY '03 and FY '04 budgets also include Capital Budget funding for shelters, including:

- Renovate the 801 East Building to be used for shelter space
- Acquire and renovate 1355-57 New York Avenue, N. E., for use as shelter space
- Build new facility on parcel 38 for the residents of the Open Door Shelter
- Build a replacement facility for La Casa
- Upgrade the electrical system at the Federal City Shelter
- Replace the cooling tower at the Federal City Shelter

#### **Finding 3: Submitting Annual Audit Reports**

#### **11. Recommendation of the Office of the Inspector General**

Ensure that TCP management track each service provider's submission of required single and certified financial statement audit reports and date stamp reports when received to ensure compliance with OMB Circular A-133 and contract provisions.

#### **11. Responses of the Department of Human Services:**

The Department concurs with this recommendation.

*Start Date:* May 2003

*Expected completion date:* On-going

*Actions taken thus far:* The Department has conferred with The Community Partnership. TCP's contract with its providers requires that audits be submitted within 15 days of completion. Contractors must comply with the language of the federal circulars, which mandate that audits be initiated within 90 days of the end of the fiscal year, and they have established a tracking system. TCP concurs that notices will be sent to providers advising them of the approach of the deadlines for submission and of potential financial

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## EXHIBITS

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penalties for failure to comply. It should be noted that the providers' fiscal years are not uniform, with some provider's fiscal year ending June 30, September 30, and December 31.

#### **12. Recommendation of the Office of the Inspector General**

Revise the grant agreement to require TCP to analyze the single and financial audit reports.

#### **12. Responses of the Department of Human Services:**

The Department concurs with this recommendation.

*Proposed action:* The Department will make appropriate amendment to TCP grant agreement.

*Start Date:* April 10, 2001

*Expected completion date:* September 30, 2003

*Actions taken thus far:* TCP hired a staff person with a Master's Degree in Business Administration and six (6) years of experience working with non-profit organizations to she reviews and analyzes the fiscal documents of the providers.

#### **13. Recommendation of the Office of the Inspector General**

Withhold payments to TCP if they do not meet required timeframes by December 2003 for its service providers to submit single financial audit reports.

#### **13. Responses of the Department of Human Services:**

The Department concurs with this recommendation.

*Proposed action:* The Department will require that The Community Partnership ensure that its providers submit a compliance report regarding the submission of audit reports by November 31, 2003. The Community Partnership will submit a report documenting that the providers have submitted the required report or an explanation of the their unique fiscal year calendar and the projected date for the submission of the annual audit. Those providers that do not comply with their respective due dates, which must vary based on the fiscal year calendar of the providers, will be sanctioned by The Community Partnership. The grant agreement will contain language requiring TCP to impose the sanction or to incur a sanction if it does not enforce this requirement.

*Start date:* August 4, 2003

*Expected completion date:* September 30, 2003



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## EXHIBITS

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#### **Finding 4: Increasing Safety At Homeless Shelters**

##### **14. Recommendation of the Office of the Inspector General**

Establishes a contract provision in all new contracts and amend existing contracts to require biennial fire inspections in all homeless shelters.

##### **14. Responses of the Department of Human Services:**

The Department concurs with this recommendation.

*Proposed action:* The Department concurs with the recommendation, but needs time to implement the requirement across the entire shelter network and proposes to require bi-annual fire inspections for at least 25% of the shelters in the next fiscal year. Additional shelters (at least 25%) will be added to the list in each subsequent year. TCP grant agreement will be amended to require the development and implementation of a progressive plan for fire inspections.

*Start date:* October 1, 2003

*Expected completion date:* September 30, 2004

*Actions taken thus far:* The Department is committed to ensuring that residents of homeless shelters reside in safe environments. A component of ensuring the safety of shelters includes fire safety. To ensure that shelters meet minimal fire safety expectations, the Department conducted site visits to family shelters to conduct fire checks to ensure that the facilities had operating fire extinguishers, smoke detectors, and fire alarm systems, conducted fire drills, had exit signs and posted evacuation plans. Site visits included inspections of each apartment or unit. If deficiencies were noted, a corrective action plan was completed and follow up visits were conducted to ensure that corrective action was undertaken. (See Attachment No. 11 for samples of fire check reports).

##### **15. Recommendation of the Office of the Inspector General**

Require its service providers to post emergency evacuation plans near the entrance and exits of all homeless shelters.

##### **15. Responses of the Department of Human Services:**

The Department concurs with this recommendation.

*Proposed action:* TCP grant agreement will be amended to include a requirement that all service providers post emergency evacuation plans near the entrance and exits of all homeless shelters.

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*Start date:* October 1, 2003

*Expected completion date:* On-going

*Actions taken thus far:* The FSA program monitor has made site visits to all family shelters and is providing follow up to ensure that evacuation plans are posted. The monitoring visits will continue.

#### **16. Recommendation of the Office of the Inspector General**

Enforce its contract requirements to have all essential staff members trained to administer Cardiopulmonary Resuscitation in homeless shelters.

#### **16. Responses of the Department of Human Services:**

The Department concurs with this recommendation.

*Proposed Actions:* The Department will ensure that the Homeless Services Program Monitors of the Family Services Administration and The Community Partnership will confirm the completion of CPR training by all essential staff members who provide shelter services. Providers will be required to designate which staff members are essential, to provide data on replacement staff and the status of their training, and to provide corrective action plans when these requirements are identified as incomplete.

*Start date:* October 1, 2003

*Expected completion date:* On-going

#### **17. Recommendation of the Office of the Inspector General**

Monitor contractor performance sufficiently to ensure that providers comply with contract provisions, deficiencies are documented, and providers make timely corrections.

#### **17. Responses of the Department of Human Services:**

The Department concurs with the recommendation.

*Start date:* FY 2000

*Expected completion date:* On-going

*Actions taken thus far:* The Department understands its responsibility to monitor grantee performance to ensure adherence the scope of work and other grant requirements. In FY'00 and FY'01 the Family Services Administration made site visits to TCP to review records to ensure that monitoring visits were conducted, reviewed invoices and

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documentation of expenditures, conducted monthly meetings with TCP to resolve issues or problems as they arose, monitored training provided to shelter providers, and periodically accompanied TCP program monitor. In FY'02, the Department conducted monitoring inspections that included fire safety checks and required that providers with deficiencies submit corrective action plans. (See Attachment No. 12 which includes common standards developed by TCP with input from the Department and service providers and an example of an extensive monitoring report with corrective actions required).

In FY 03, FSA enhanced its monitoring capacity by assigning full-time monitoring responsibilities to a social worker who, in addition to regularly accompanying TCP on site visits, conducts fire checks, follows up on reports of problems, and will conduct independent site visits of both TCP and provider agencies. (See Attachment No. 13) These activities will be provided in addition to the monitoring activities that were provided in FY 00 and FY 01.